

Press release: Commission listens to charities in making changes to the annual return for 2018

The Charity Commission has made a number of amendments to the content of the annual return for 2018 (AR18), after an extensive consultation with charities throughout the autumn.

It says the new annual return will make for an easier user experience for charities, and stresses that it will be more proportionate than in the past, with many charities required to answer fewer questions, and only those with large or complex operations being required to provide more information. On average, charities completing the annual return will answer 15 fewer questions than in the past.

In a [consultation report published today](#), the regulator also says it is grateful for the positive and constructive engagement it has had with charities and that it has taken into account charities' responses in making a number of key changes to the proposed content.

For example, the regulator is amending a proposed new question on income received from overseas. Only information about income from overseas governments or quasi-governmental bodies, charities and NGOs will be mandatory for the first year. This is information that relevant charities should already record and hold. Providing information about income from other overseas institutions and donors will be voluntary for the AR18 and then mandatory in following years. The Commission will also introduce a threshold for this information. These changes will ensure that charities can update their records and systems before the question areas become compulsory.

The Commission has also decided not to ask charities:

- whether they are claiming rate relief for the premises they use
- the amount of gift aid they have claimed (charities are already required to declare whether they are registered for gift aid, and the Commission will ask charities to provide their HMRC number)

The Commission says it requires these two pieces of information for regulatory purposes, but accepts that they may be available from other sources, and that it should pursue other options before adding to the reporting burden for charities.

Proposed new questions on executive pay in charities will be included in the annual return: AR18 will ask charities to provide information about the total remuneration received by their staff members, including salary, bonuses, pension contributions, private health care and other benefits in kind. The Commission will make public how many individuals receive total packages worth upwards of £60,000 in bands (in bands of £10,000 up to £150,000, then in

bands of £50,000). The Commission will also require charities to provide information about their highest paid employee, but that information will be held for regulatory purposes, rather than made public.

David Holdsworth, Deputy CEO and Registrar at the Charity Commission, says:

The annual return is a vital tool in promoting charities' accountability to the public, donors and beneficiaries as well as ensuring we have the information we need to be an effective, proportionate, risk-led regulator. I am grateful to the charities that took part in our extensive consultation on the content of AR18. Today's report shows that we have listened carefully to charities' submissions and have made important changes as a result.

However, in some important areas, including around executive pay, we will require charities to provide us with more detailed information. We know the public care deeply about transparency in this area, and it is vital that charities, and the Commission as regulator, respond constructively to these expectations. I am confident our decision in this area strikes the right balance between transparency and protecting the personal data of individual staff members in charities.

The Commission engaged in a wide-ranging consultation on AR18, including through targeted user testing. It identified groups of charities most likely to be affected by proposed changes and asked individuals responsible for completing the annual return to test the prototype digital service. The Commission says that it received largely positive feedback about testers' experience.

The Commission has also published the formal regulations underpinning the AR18.

The Commission is currently developing the digital service that will underpin AR18, and hopes to make the return available to charities within the next four months.

The annual return must be completed by charities with annual incomes of upwards of £10,000. AR18 applies to charities with financial years ending from 1 January 2018. Charities have ten months from the end of their financial year to complete the return.